

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

March 13, 2013

Project Number CA-13-823

Project Name Anton Legacy Apartments
Site Address: Between Park Avenue & Tustin Ranch Rd. Approximately 300 Feet
Northeast of Warner Avenue
Tustin, CA 92606 County: Orange
Census Tract: 755.150

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,363,606	\$0
Recommended:	\$1,363,606	\$0

Applicant Information

Applicant: Anton Legacy Tustin L.P.
Contact: Trisha Malone
Address: 1801 I Street, Suite 200
Sacramento, CA 95811
Phone: 916-444-2073 Fax: (916) 444-9843
Email: tlm@antonllc.com

General partner(s) or principal owner(s): PacH Anton South Holdings, LLC
Anton Legacy, LLC
General Partner Type: Joint Venture
Developer: St. Anton Capital, LLC
Investor/Consultant: The Irvine Company
Management Agent: St. Anton Management, Inc.

Project Information

Construction Type: New Construction
Total # Residential Buildings: 15
Total # of Units: 225
No. & % of Tax Credit Units: 161 72.20%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: Tax-Exempt
HCD MHP Funding: No
55-Year Use/Affordability: Yes
Number of Units @ or below 50% of area median income: 88
Number of Units @ or below 60% of area median income: 73

Bond Information

Issuer: CSCDA
 Expected Date of Issuance: April 1, 2013
 Credit Enhancement: N/A

Information

Housing Type: Non-Targeted
 Geographic Area: Orange County
 TCAC Project Analyst: Jack Waegell

Unit Mix

78 1-Bedroom Units
 117 2-Bedroom Units
 30 3-Bedroom Units

 225 Total Units

Unit Type & Number	2013 Rents Targeted % of Area Median Income	2013 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
30 1 Bedroom	50%	47%	\$853
25 1 Bedroom	60%	57%	\$1,023
46 2 Bedrooms	50%	44%	\$959
38 2 Bedrooms	60%	53%	\$1,151
12 3 Bedrooms	50%	43%	\$1,066
10 3 Bedrooms	60%	51%	\$1,279
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$1,949
1 3 Bedrooms	Manager's Unit	Manager's Unit	\$2,266
6 1 Bedroom	Market Rate Unit	Market Rate Unit	\$1,686
2 1 Bedroom	Market Rate Unit	Market Rate Unit	\$1,706
9 1 Bedroom	Market Rate Unit	Market Rate Unit	\$1,756
6 1 Bedroom	Market Rate Unit	Market Rate Unit	\$1,684
2 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$1,829
13 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$2,060
6 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$1,949
11 2 Bedrooms	Market Rate Unit	Market Rate Unit	\$2,060
7 3 Bedrooms	Market Rate Unit	Market Rate Unit	\$2,266

Project Financing

Estimated Total Project Cost:	\$49,435,678
Estimated Residential Project Cost:	\$49,435,678

Residential

Construction Cost Per Square Foot:	\$119
Per Unit Cost:	\$219,714

Construction Financing

Source	Amount
Citibank N.A. - Tax Exempt Bonds	\$28,700,000
Citibank N.A. - Taxable Bonds	\$4,300,000
St. Anton Investors, LLC	\$1,000,000
Net Operating Income During Lease-up	\$2,135,678
Tax Credit Equity	\$11,200,000

Permanent Financing

Source	Amount
Citibank N.A. - Tax Exempt Bonds	\$26,000,000
Citibank N.A. - Taxable Bonds	\$4,300,000
St. Anton Investors, LLC	\$1,000,000
Net Operating Income	\$3,053,140
Deferred Developer Fee	\$1,041,944
Tax Credit Equity	\$14,040,594
TOTAL	\$49,435,678

Determination of Credit Amount(s)

Requested Eligible Basis:	\$45,401,971
130% High Cost Adjustment:	Yes
Applicable Fraction:	72.20%
Qualified Basis (Rehabilitation):	\$42,614,290
Applicable Rate:	3.20%
Total Maximum Annual Federal Credit:	\$1,363,606
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	The Irvine Company
Federal Tax Credit Factor:	\$1.02967

Per Regulation Section 10322(i)(4)(A), The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$45,401,971
Actual Eligible Basis:	\$45,401,971
Unadjusted Threshold Basis Limit:	\$48,941,820
Total Adjusted Threshold Basis Limit:	\$68,029,130

Adjustments to Basis Limit:

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 39%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses meet the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.20% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information: The project includes 176 garages and storage units that the tenants may rent for an additional charge. The cost of these facilities has been excluded from eligible basis. Carport and open parking is available to the tenants at no additional charge.

Local Reviewing Agency:

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Recommendation: Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal Tax Credits/Annual	State Tax Credits/Total
\$1,363,606	\$0

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

Additional Conditions: The applicant/owner is required to complete the following sustainable building methods in accordance with the bond allocation from CDLAC and provide the applicable certifications and documentation when the TCAC placed-in-service application is submitted:

- The project commits to becoming certified under any one of the following programs: Leadership in Energy & Environmental Design (LEED); Green Communities; or the GreenPoint Rated Multifamily Guidelines